

1400 16th Street, N.W.  
Suite 500  
Washington, DC 20036  
(202) 332-5922 office  
(202) 483-9277 fax  
jbadams@czn.com e-mail

**CITIZENS**  
communications



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OFFICE OF THE  
EXECUTIVE SECRETARY  
June 11, 1999

K. David Waddell, Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

RE: Docket No. 98-00735

Dear Mr. Waddell:

On October 16, 1998, Citizens Utilities Company (CUC), Citizens Telecommunications Company of Tennessee, LLC, Citizens Telecommunications Company of the Volunteer State, LLC, Citizens Telecommunications Company, and Citizens Newco Company (collectively, Joint Applicants) filed with the TRA a Joint Application requesting approval to separate CUC's telecommunications and public services businesses in the above-referenced proceeding. By letter dated February 4, 1999, the TRA notified the Joint Applicants that TRA approval of the separation was not required. Despite the fact that TRA approval was not required, the Joint Applicants hereby notify the TRA that the proposed separation will not take place because of changed circumstances.

On May 27, 1999, CUC, the parent company of the other Joint Applicants, announced its agreement to purchase approximately 200,000 access lines from GTE Corporation for a purchase price of \$664 million. The company expects to temporarily fund the transaction with either its cash and investment balances or its committed bank credit facilities. Permanent funding of this and other potential access line purchases, however, will come from the sale or other disposition of certain of CUC's public services properties. To enable the company to accomplish these objectives, CUC no longer plans to separate its telecommunications and public services businesses in the manner described in the Joint Petition.

If you have any questions or require additional information, please contact the undersigned at 202-332-5922 or Mike Swatts at 304-325-1216.

Sincerely,

John B. Adams  
Senior Attorney